

FYI – For Your Information

Sales Tax Licenses and Filing Requirements

There are two types of Colorado sales tax licenses. The **Standard License** is for those businesses with one or more permanent locations in Colorado. The **Special Event License** is for 1) businesses that have no permanent place of business but sell goods at fairs, festivals, bazaars, etc.; and 2) businesses that meet the requirements for a Standard License, but also sell at other locations, such as fairs and festivals. Flea markets which are held on a regular basis are not considered special events. For information on selling at flea markets, see FYI Sales 55 "Flea Markets and Swap Meets," located on the Department of Revenue Web site at www.taxcolorado.com

Sales tax licenses provide a sales tax exemption to vendors on items purchased for resale. These licenses also obligate the licensee to collect all applicable state and local sales taxes and remit the money to the Colorado Department of Revenue. Licenses can be obtained by completing a "Colorado Business Registration" (CR 0100), available at any Taxpayer Service Center statewide; or on the Web.

STANDARD SALES TAX LICENSE **General Information**

A person or business having a permanent location where retail sales are conducted on a regular basis must obtain a standard sales tax license. [§39-26-103, C.R.S.] The fee for a two-year license is \$16, plus a one-time-only \$50 deposit. The deposit is automatically refunded to the business

after \$50 in state sales tax has been remitted to the Department. However, if a retail business fails to remit sales tax to the department, the deposit will not be refunded. Under Colorado law the deposit is only refundable to the extent the business remits sales tax. For example, if a retail business collects and remits \$30 in state sales tax, the Department will then refund only \$30. If a business fails to remit any sales tax, no portion of the \$50 deposit will be refunded regardless of the length of time the business is open. Standard sales tax accounts must be renewed every two years at a fee of \$16. If you have more than one permanent sales location, **each location** must have a license.

Allow four to six weeks to receive a license in the mail. If you apply for a license in person at one of the Taxpayer Service Centers, a license number will be issued immediately. The actual license will then be sent to you within two weeks.

If a retailer with a fixed location elects to participate in a special sales event at a location other than the regular place of business, the retailer **must** also obtain a special event sales tax license.

Filing Frequency

How often you are required to file a sales tax return (monthly, quarterly or annually) depends on your sales volume. If you anticipate taxable sales of \$10,000 or more per month you must register to file your "Retail Sales Tax Return" (Form DR



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Forms and other services:
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Assistance:
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www.taxcolorado.com

0100) monthly; if you anticipate sales less than \$10,000 per month, you may file quarterly. If, after a year of operation, your business collects \$15 or less per month in sales tax, you may request to file your return annually. [*Sales and Use Tax Regulation* 39-26-109] If the amount of tax you collect changes, notify the Department to request a change of filing frequency before beginning to file at the new frequency.

Monthly returns are due by the 20th of the month following the reporting month. For example, the June return is due July 20. Quarterly returns are due the 20th of the month following the reporting quarter. The January-March quarter is due April 20; April-June, due July 20; July-September, due October 20; October-December, due January 20. Annual returns are due January 20. If a due date falls on a Saturday, Sunday or holiday, the return is due on the next business day.

If you use an accounting period other than a calendar month, such as a 13-month filer, you can request permission to file on other than a calendar basis. Write to the Business Tax Accounting Section at the main DOR address, supplying your filing period beginning, ending, and due dates. After you receive written authorization, the payment and return will be due 20 days after the end of the accounting period, regardless of the date printed on your sales tax return.

Reporting Forms

Vendors with a single business location will receive a sales tax coupon booklet which contains the returns they need for the year. These booklets are mailed automatically to single-location vendors by the Department each year. Vendors with multiple locations and/or those who register to file seasonally (because their sales are seasonal only) will receive returns from the Department at appropriate times during the year. They will **not** receive a sales tax coupon booklet.

Vendors with more than ten locations may request permission to file their sales taxes via computer spreadsheet, rather than using the monthly coupons. For information, see FYI Sales 58 "Requirements for Sales Tax Remittance by Computer Spreadsheet for Multi-location Companies," located on the Web, or call the Tax Information Call Center at (303) 238-SERV (7378) for a customized spreadsheet instruction package.

Relocating During a Tax Period

Vendors or retailers that relocate during a filing period must file two sales tax returns (DR 0100) for that period. One return for the old location and one for the new location.

When you file your sales tax return and remit your sales tax, write your account number and form number on all checks and correspondence.

ZERO FILING

Even if you had no sales and no sales tax was collected you must still file a Retail Sales Tax Return by filing a zero return. You may file either the paper return or if you have no taxable sales (line 3 on Form DR 0100) and no payment due, you can file a zero return at www.taxview.state.co.us/zero or by telephone at (303) 205-8290.

ELECTRONIC PAYMENT REQUIREMENT

You are required to remit by electronic funds transfer (EFT) all state and local sales taxes required to be remitted to the Department of Revenue **if your liability for state sales tax for the previous calendar year was more than \$75,000.** You may also elect to remit your sales tax by EFT even if you collect less than \$75,000 per year. To establish your electronic funds account with the Department, you must submit a completed application "Authorization for Electronic Funds Transfer (EFT) for Tax Payments." (Form DR 5785).

OTHER TYPES OF SALES

Small Home Businesses

Home-based craftspeople, artists, or others who operate small home businesses from which occasional sales of tangible personal property are made and who make total sales of no more than \$1,000 per year are not required to obtain a sales tax license. **However**, the small home business **is** required to collect and remit sales tax. [§39-26-103 (9) (d), C.R.S.]

Unlicensed small home businesses must file the "Retail Sales Tax Return for Occasional Sales" (Form DR 0100A) and remit collected sales tax by April 15 of the following year. If the small home business operator intends to make retail sales at a sales event, the appropriate special event license must be obtained. If the small home business operator is engaged in a trade or business outside the home where similar items are sold, a standard sales tax license is required. For more information, see FYI Sales 8 "Small Home Businesses."

Wholesalers

Wholesalers must obtain a standard sales tax license and pay the \$16 license fee, but are not required to pay the \$50 deposit. [§39-26-103 (8), C.R.S.] A wholesaler is a person or business doing a regularly organized wholesale or jobbing business, is known to the trade as such, and sells only to retail merchants, jobbers, dealers, or other wholesalers for the purpose of resale.

Businesses registered as wholesalers will receive one return in December with which to remit any taxes collected during the year on limited retail sales.

Independent Distributors of Housewares, Cosmetics and Other Products

These companies may elect and agree to remit the sales tax to the Department of Revenue. In this case, individual distributors are not required to have sales tax licenses. However, you are still required to collect sales tax on items you sell.

Check with your company to determine whether or not arrangements have been made to remit the sales tax to the Department of Revenue. If the company has not elected to collect and remit sales taxes, each individual distributor **must** obtain a sales tax license.

Charitable Groups

Charitable organizations which hold IRS section 501(c)(3) qualification letters and have a Colorado exemption certificate may be exempt from collecting sales tax during fund raising events.

If the charitable organization conducts sales for a total of 12 days or less during a calendar year **and** the **net proceeds** from all these events do not exceed \$25,000 in that calendar year, the sales are not subject to sales tax. [**Net proceeds** is total gross events receipt(s) **less** expenses attributable to the event(s).] However, if sales are conducted more than 12 days in a calendar year, **all** sales are subject to state, Regional Transportation District (RTD), Scientific and Cultural Facilities District (SCFD), Football District (FD), Rural Transportation Authority (RTA) taxes and state administered local taxes. For example, if the charitable organization chooses to conduct sales on a thirteenth day during the calendar year, the entire amount of **gross** sales from all 13 days is subject to sales tax. If, however, a charitable organization makes more than \$25,000 in net proceeds during a calendar year, it may make the sales that generate the first \$25,000 in net proceeds without registering with the Department or collecting sales tax. As soon as the organization reaches \$25,000 in net proceeds, it must obtain a sales tax license from the Department and begin collecting sales tax.

Local Government Taxes

Charitable organizations should contact their local governments to find out if a similar exemption for local taxes is allowed. For local rates in cities and counties where the state collects the tax, organizations may refer to the publication

“Colorado Sales/Use Tax Rates” (DR 1002) on Web at www.taxcolorado.com

If the local jurisdiction is a state-collected tax jurisdiction that does not allow the exemption, the charitable organization should obtain a Colorado standard sales tax license so that the organization can report and pay local tax to the department. If there’s a question about whether the organization’s net proceeds will exceed \$25,000 in a calendar year, tax should be collected on all sales and the organization should obtain a Colorado sales tax license. The license fee for charitable groups is \$8 every two years. The \$50 sales tax license deposit is not required.

Other Tax-Exempt Agencies

Government organizations and schools operating a retail business, such as a thrift store or snack bar, **must** obtain a standard sales tax license and collect and remit sales taxes. Government agencies may obtain the license free of charge. The \$50 sales tax deposit is not required.

Government agencies, (such as libraries), and schools which hold a fund raising event where items will be sold at retail **must** obtain a sales tax license and must collect all applicable state and local sales taxes. If the agency holds only one fund raising sale, it should obtain a single event license; however, if a sale is held on a **regular basis**, e.g., once each week or month, a standard sales tax license is required.

Seasonal Sales

If your business is seasonal and you make retail sales during only part of each year, you must obtain a standard sales tax license. [Reg. 39-26-109] Examples of seasonal businesses are ski rental shops, fireworks and Christmas tree stands, and other businesses which are in operation during only certain months of the year. When you apply for your license, indicate on the “Colorado Business Registration” (Form CR 0100) which months of the year your retail business will be active.

The Department will send you returns only for those months during which you do business. The return is due on the 20th of the month following the reporting month. If your seasonal business is conducted in several locations, you must have a separate license for each location.

SPECIAL EVENT SALES TAX LICENSES

Single Event Sales Tax License

A single event sales tax license is required when an individual, organization or vendor plans to conduct or participate in a retail sales event at a location other than the regular business operation at which there are three or more vendors. The single event license is valid **only** for sales made during the single event. The fee is \$8, but this license is free to vendors who already have a standard sales tax license. A license is required regardless of the anticipated amount of sales. [§39-26-103 (9) (b), C.R.S.]

Multiple Events Sales Tax License

Persons engaged in selling at retail at more than one special event in any two-year period at which there are three or more vendors have the option of obtaining a multiple events license rather than obtaining a single event license for each event. Multiple events licensees may participate in any number of events at various locations (other than their regular business location.) during the covered two-year period.

The fee is \$16 for a two-year period, but is prorated in increments of six months if the license is purchased after June 30 of any year. There is no fee for this license to vendors who already have a standard sales tax license.

General Information

It is the vendor’s choice whether to purchase a Single Event Sales Tax License or a Multiple Events Sales Tax License, based on the number of events an individual plans to participate in and the license cost considerations. As a

general rule, unless you know you will not participate in more than one event in a two-year period, it will be more cost-effective to purchase a multiple events license. **For a special events license you must fill out form DR 0589.**

The organizer of a sales event which includes three or more vendors may obtain a multiple events license. If the organizer obtains the license for the event, then the vendors need not obtain licenses individually. In that case, however, the organizer is required to remit all taxes collected by the vendors who do not have a license for the event and also for vendors who have a license but who elect to have the organizer remit the tax. The organizer is required to provide the DOR with a list of the names and addresses of the vendors. The organizer must also provide the license numbers of all vendors who have obtained their own licenses for the event and are remitting the tax to the state themselves. Send these lists to the Special Events Coordinator P.O. Box 13200, Denver, CO 80201-4600.

If the event organizer **does not** obtain the license, the vendors at the event must obtain their own licenses and collect and remit the tax. [§39-26-103 (9) (b.5), C.R.S.]

In all cases, a **standard** sales tax license is required if you participate in an event that occurs more than three times at the same location during any calendar year.

Filing Frequency

Vendors or organizers must remit the sales tax they collect at an event by the 20th of the month following the date the event **began**. For example, if the event runs from June 30 to July 2, the return and tax are due July 20. If the event began July 1, the return and tax are due August 20. Single event and multiple event licensees must file a "Special Event Retail Sales Tax Return" (Form DR 0098) along with their collected tax.

You must file a tax return for **each event** and collect and remit all Colorado sales tax, state-collected local sales taxes which apply at the location of the event, and if applicable, special district taxes (see "Sales Tax Rates" section).

SALES TAX RATES

The Colorado sales tax rate is 2.9 percent. [§39-26-106, C.R.S.] In addition to its own sales tax, the state collects sales taxes for many Colorado cities and counties and several special districts. For more information regarding your local sales tax collection responsibilities, request FYI Sales 62, "Guidelines For Determining When to Collect State-Collected Local Sales Taxes."

Some home-rule cities enact their own sales tax ordinances and collect their own taxes. Contact home-rule cities directly for their rules regarding sales taxes. To find out whether a local government has a sales tax, what the rate is, and whether it is home rule, request "Colorado Sales/Use Tax Rates" (DR 1002). This publication is updated each January and July and is located on our Web site at www.taxcolorado.com

Colorado collects sales taxes for the Regional Transportation District/Scientific and Cultural Facilities District/Metropolitan Football Stadium District (RTD/CD/FD). This combined special district encompasses most of the seven-county Denver-Boulder metropolitan area. Colorado also collects the Rural Transportation Authority (RTA) tax. Publication DR 1002 "Colorado Sales and Use Tax Rates" lists the Special District and RTA boundaries.

SERVICE FEES

Colorado allows sales tax licensees to keep 3.33 percent of the state sales tax collected as a service fee (sometimes called a vendor's fee) for collecting the tax. (The service fee rate increased to 3.33 percent effective July 1, 2005.) The service fee may be taken only if the return is filed and paid on time. (*Sales and Use Tax Regulation* 39-26-105(1)(a) contains more detailed service

fee information). Many local jurisdictions grant service fees as well. This information is available in publication DR 1002 "Colorado Sales/Use Tax Rates" available on the Web at www.taxcolorado.com

PENALTIES

The Department of Revenue may close any sales tax account that shows no retail activity for 12 consecutive months. Such inactivity may be regarded by the Department as evidence that the licensee is not in the business of selling at retail. Anyone who sells at retail in Colorado without obtaining a sales tax license commits a class 3 misdemeanor and may also be subject to a civil penalty of \$50 per day to a maximum penalty of \$1,000. [§39-26-103 (4), C.R.S.]

SALES TAX CLASSES

The Taxpayer Service Division offers free sales tax classes. Colorado businesspeople with sales tax accounts and people starting new retail businesses are encouraged to take advantage of this service. Visit the Web site at www.taxcolorado.com for updated listings of sales tax classes.

Trade Name Information

The Colorado Department of Revenue does not process the registration of trade names for any type of business. **All** filing of trade names, renewals, inquiries and collection of trade name fees is provided by the Colorado Secretary of State's office at www.sos.state.co.us

E-SERVICES FOR BUSINESS

The following services are accessible at www.taxcolorado.com under "Online Services."

Electronic Payment (EFT). Businesses can make payments on the Internet or by telephone. Register to make Electronic Payment via our no-cost ACH debit service. See Form DR 5785 "Electronic Payment Authorization" to sign up.

Sales Tax ZeroFile - Safely and easily file a Colorado Sales Tax Return (Form DR 0100) for state and state-collected local sales tax when you have zero net sales (line 3 of form DR 0100) and no sales tax due. Any filing period type (monthly, quarterly, annually, and seasonal) is eligible. Retailers with only one location and with net sales of zero and no payment due may use this system. There is no need to send a paper form. Also available by calling (303) 205-TAX0 (8290).

Sales Tax Account History - Allows businesses to review their tax account payments back to December 2002. Users will need their account number to obtain a PIN for security purposes.

The following services are available on the Web under www.taxcolorado.com "Sales Tax Information" as well as by telephone at (303) 238-FAST (3278):

Local Sales Tax Rates - A fast way to find sales tax rates for ANY local jurisdiction.

Sales Tax License Verification - Confirm whether a Colorado sales tax license or exemption certificate is valid. If you have a sales tax license or exemption certificate number, you can find this information quickly.

Retailers' Sales Tax Rates - Check on the sales tax rates at your specific business location(s).

FURTHER INFORMATION

FYIs and commonly used forms are available on the Web at www.taxcolorado.com

For additional tax information visit the "Tax Information Index" which covers a variety of topics including links to forms, publications, regulations, statutes and general questions and answers. The "Tax Information Index" is located at www.taxcolorado.com

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.